

October 9, 2013

Item No. 11

AUTHORIZATION TO OBTAIN A \$20 MILLION SECURED REVOLVING LOAN FACILITY FROM BMO HARRIS BANK N.A. TO SUPPORT THE CHA PLAN FOR ACQUISITION OF UNITS AT AN INTEREST RATE NOT-TO-EXCEED 3.5% FOR A PERIOD NOT TO EXCEED 60 MONTHS WITH HUD APPROVAL REQUIRED TO PLEDGE COLLATERAL SOURCED WITH FEDERAL CASH, SECURITIES AND/OR LAND OBTAINED WITH FEDERAL FUNDS.

To the Honorable Board of Commissioners:

RECOMMENDATION

It is recommended that the Board of Commissioners authorize the Chief Executive Officer ("CEO") or his designee to obtain a Secured Revolving Loan Facility from BMO Harris Bank N.A. This loan facility borrowing is not-to-exceed \$20 million or a term of 60 months. The interest rate is not-to-exceed 3.5%. Funds will be borrowed or line accessed only when needed for purchases or rehabilitation of properties as identified by CHA plan for acquisition of units. Acquisition transaction and related financing terms along with specific collateral identification in connection with this credit facility shall be subject to CHA Board of Commissioners approval. HUD approval will be obtained prior to pledging collateral sourced with Federal cash, securities or land obtained with Federal funds.

The Chief Financial and Administrative Officer, the Treasury Department and the Office of the General Counsel have completed all necessary due diligence to support the submission of this initiative and recommend the approval of this item accordingly.

CORPORATE MISSION

The proposed secured revolving loan facility supports Plan Forward by developing vibrant communities as it provides financing for the CHA plan for acquisition of units.

FUNDING:

- CHA Non-Federal cash, securities and/or land-pledged as collateral.
Pursuant to HUD approval only
- CHA Federal cash, securities and or land-pledged collateral.
Total program collateral is not-to-exceed \$35 million plus expenses.

GENERAL BACKGROUND /EXPLANATION

BMO Harris Bank N.A. is the Authority's primary cash management bank and has consistently provided best practice service delivery in a full range of banking products and services. Their commitment to Plan Forward is evident in this facility as the credit terms contemplate a wide range of options with respect to collateral/term and pricing. The CHA plan for acquisition of units can be greatly enhanced by exercising appropriate financing options contained in this loan commitment

The Board action recommended in this item complies in all material respects with all applicable Chicago Housing Authority board policies and all applicable federal (HUD) procurement laws.

The Chief Financial Officer concurs with the recommendation to enter into an approval for the Secured Revolving Loan from BMO Harris N.A. to support the CHA plan for acquisition of units.

The Chief Executive Officer/President recommends the approval to the Board of Commissioners.

RESOLUTION NO. 2013-CHA-91

WHEREAS, the Board of Commissioners has reviewed the Board Letter dated October 09, 2013 entitled "AUTHORIZATION TO OBTAIN A \$20 MILLION SECURED REVOLVING LOAN FACILITY FROM BMO HARRIS BANK N.A. TO SUPPORT THE CHA PLAN FOR ACQUISITION OF UNITS AT AN INTEREST RATE NOT-TO-EXCEED 3.5% FOR A PERIOD NOT-TO-EXCEED 60 MONTHS WITH HUD APPROVAL REQUIRED TO PLEDGE COLLATERAL SOURCED WITH FEDERAL CASH, SECURITIES AND/OR LAND OBTAINED WITH FEDERAL FUNDS.

THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY

THAT The Board of Commissioners authorizes the Chief Executive Officer or his designee to 1) obtain a Secured Revolving Loan Facility from BMO Harris Bank N.A. This loan facility borrowing is not-to-exceed \$20 million or a term of 60 months. The interest rate is not-to-exceed 3.5%. Funds will be borrowed or line accessed only when needed for purchases or rehabilitation of properties as identified by CHA plan for acquisition of units. Acquisition transaction and related financing terms along with specific collateral identification in connection with this credit facility shall be subject to CHA Board of Commissioners approval. HUD approval will be obtained prior to pledging collateral sourced with Federal cash, securities or land obtained with Federal funds; 2) execute all other documents as may be necessary or appropriate to implement the foregoing.

The Secured Revolving Loan supports the CHA plan for acquisition of units.



Chicago Housing Authority
60 E. Van Buren
Chicago, IL 60605

312-742-8500

www.thecha.org